BOARD OF TRUSTEES MEETING

Thursday, August 16, 2012 12:00 p.m. UCIP Offices, 10980 S. Jordan Gateway, South Jordan, UT

AGENDA

Lunch Provided	
Call to Order	Kay Blackwell
ACTION	
Review/Excuse Board Members Absent	Kay Blackwell
Discussion on UAC Conference Vendors	Johnnie Miller
Review/Approve 2013 Actuarial Rate Study (Premium Indications)	Lisa Dennison
Review/Approve 2013 Member Contributions	Johnnie Miller
Approve July 19, 2012 Meeting Minutes	Steve Wall
Ratification and Approval of Payments and Credit Card Transactions	Steve Wall
Review/Approve Second Quarter 2012 Financial Statements	Sonya White
Review/Approve General Counsel for Board of Trustees	Johnnie Miller
Review/Approve Response to ULGT	Johnnie Miller
Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual	Kay Blackwell
Action on Personnel Matters	Kay Blackwell
Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation	Kay Blackwell
Action on Litigation Matters	Kent Sundberg
INFORMATION	
Appraisers Summary Report	Johnnie Miller
Chief Executive Officer's Report	Johnnie Miller
Other Business	Kay Blackwell
	ACTION Review/Excuse Board Members Absent Discussion on UAC Conference Vendors Review/Approve 2013 Actuarial Rate Study (Premium Indications) Review/Approve 2013 Member Contributions Approve July 19, 2012 Meeting Minutes Ratification and Approval of Payments and Credit Card Transactions Review/Approve Second Quarter 2012 Financial Statements Review/Approve General Counsel for Board of Trustees Review/Approve Response to ULGT Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual Action on Personnel Matters Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation Action on Litigation Matters INFORMATION Appraisers Summary Report Chief Executive Officer's Report

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Entity: Utah Counties Indemnity Pool

Public Body: Board of Trustees

Subject: Government Operations (State Issues)

Notice Title: Board of Trustees Meeting

Notice Type: Meeting

Notice Date & Time: August 16, 2012

12:00 PM - 3:00 PM

Description/Agenda:

Lunch Provided

Call to Order

Review/Excuse Board Members Absent

Discussion on UAC Conference Vendors

Review/Approve 2013 Actuarial Rate Study (Premium Indications)

Review/Approve 2013 Member Contributions

Approve July 19, 2012 Meeting Minutes

Ratification and Approval of Payments and Credit Card Transactions

Review/Approve Second Quarter 2012 Financial Statements

Review/Approve General Counsel for Board of Trustees

Review/Approve Response to ULGT

Set Date and Time for Closed Meeting

to Discuss Character, Professional Competence, Physical/Mental Health of an Individual

Action on Personnel Matters

Set Date and Time for Closed Meeting

to Discuss Pending or Reasonably Imminent Litigation

Action on Litigation Matters
Appraisers Summary Report
Chief Executive Officer's Report
Other Business

Notice of Special Accommodations: In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify Sonya White at the Utah Counties Indemnity Pool, PO Box 95730, South Jordan, UT 84095-0730, or call 801-307-2113, at least three days prior to the meeting.

Notice of Electronic or telephone participation: Any Member of the Utah Counties Indemnity Pool Board of Trustees may participate telephonically.

Other information:

Attachments: Agenda 16AUG12.pdf

This notice was posted on: August 14, 2012 03:49 PM
This notice was last edited on: August 14, 2012 03:49 PM

Please give us feedback

Meeting Location:

10980 S. Jordan Gateway South Jordan, 84095

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Contact Information:

Sonya White 801-565-8500 sonya@ucip.utah.gov

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BOARD OF TRUSTEES' MEETING MINUTES

August 16, 2012, 12:30 p.m. UCIP Offices, 10980 S. Jordan Gateway, South Jordan, UT

BOARD MEMBERS PRESENT

Kay Blackwell, President, Piute County Commissioner

Jim Eardley, Vice President, Washington County Commissioner Steve Wall, Secretary-Treasurer, Sevier County Clerk/Auditor

Bruce Adams, San Juan County Commissioner Craig Dearden, Weber County Commissioner

Brad Dee, Weber County Human Resources Director

Karla Johnson, Kane County Clerk/Auditor Bret Millburn, Davis County Commissioner Cameron Noel, Beaver County Sheriff Kent Sundberg, Utah County Deputy Attorney Mike Wilkins, Uintah County Clerk/Auditor

BOARD MEMBERS ABSENT

Gary Anderson, Utah County Commissioner

Jerry Hurst, Tooele County Commissioner

OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer Sonya White, UCIP Chief Financial Officer

Lisa Dennison, By The Numbers Actuarial Consulting

Call to Order

Kay Blackwell called this meeting, of the Utah Counties Indemnity Pool's Board of Trustees, to order at 12:30 p.m. on August 16, 2012, and welcomed those in attendance.

Review/Excuse Board Members Absent

Gary Anderson and Jerry Hurst requested to be excused from this meeting. Craig Dearden made a motion to excuse Gary Anderson and Jerry Hurst from this meeting. Karla Johnson seconded the motion, which passed unanimously.

Discussion on UAC Conference Vendors

Kay Blackwell reported that he has been trying, ever since the July 19 Board meeting, to arrange a meeting with the Utah Association of Counties (UAC) Executive Committee and the officers of the UCIP Board, to discuss UAC's mission to provide effective county governance. Pursuant to the recommendation of the UAC Executive Director to the UCIP Board of Trustees at its December 17, 1998 meeting, a motion was made for the UAC Board to draft a policy concerning the attendance of direct competitors at the UAC Conventions (see attachment number one). The Utah Local Governments Trust (ULGT) continues to solicit and provide inaccurate information to UCIP members, who are UAC members, at UAC Conventions. ULGT has been allowed to sponsor and exhibit at UAC Conventions for the last couple of years. The Board directed Kay to continue to request a meeting with the UAC Executive Committee to address this concern.

Review/Approve 2013 Actuarial Rate Study

Lisa Dennison reported that the Pool has a strong financial position. At year end, the Pool had \$5,700,00 surplus. Page 57 and 58 of the 2011 Actuarial Analysis (see attachment number two), shows the historical profitability of UCIP. The Rate Analysis (see attachment number three) is based on the loss projections and administrative expense to determine the pure loss rate of general liability, auto liability and property. Nationally, claims cost inflation is at 4%. The overall loss projection for UCIP is at 1.4% (page three). For the Pool, claim cost inflation was higher in 2007 than in 2011 (page 16). A new loss level was added for the general liability rate, leveraging the development factor, because 2010 and 2011 loss years were so high (page 19). Lisa reviewed the auto liability (pages 28-29) and property (pages 36-37) loss rates with the Board. The contribution indications, by line of coverage (page 39), at an expected confidence level is \$6,530,000. The Pool's current contribution structure is at a reasonable level. Pools are not in business to build excessive surplus but are created to pay claims and expenses. The Board can consider keeping rates the same but will eventually need to increase them for loss cost inflation.

Review/Approve 2013 Member Contributions

Based on the actuarial rate study, Johnnie Miller reviewed the contributions spreadsheet with the Board (see attachment number four). Insurable value of the membership has increased from last year while reported budgeted expenditures have decreased. Because member reported expenditures have been so inconsistent over the years, it may be more accurate to calculate general liability contributions using total payroll. As reported by Lisa Dennison, the current rates are at a reasonable level. If claim cost inflation continues to increase, the Board may need to look at increasing the general liability rate and decreasing the property and automobile rates. Jim Eardley made a motion to approve the 2013 rates and member contributions as presented. Steve Wall seconded the motion, which passed unanimously.

Approve July 19, 2012 Meeting Minutes

The minutes, of the Board of Trustees meeting held July 19, 2012, were previously sent to the Board Members for review (see attachment number five). Bret Millburn requested that the start of the meeting be corrected to 12:30. Steve Wall made a motion to approve the July 19, 2012 meeting minutes as corrected. Bret Millburn seconded the motion, which passed unanimously.

Ratification and Approval of Payments and Credit Card Transactions

Steve Wall reviewed the payments made, payments to be made and credit card transactions with the Board. Steve Wall made a motion to approve the payments made, payments to be made and credit card transactions (see attachment number six). Craig Dearden seconded the motion, which passed unanimously.

Review/Approve Second Quarter 2012 Financial Statements

Sonya White reviewed the second quarter 2012 financial statements with the Board (see attachment number seven). With the year 50% complete, Operating Income is at 51% of budget. Administration Expenses are at 45% of budget. Underwriting Expense is at 61% of budget due to increase of loss reserves. Total Net Assets of the Pool as of June 30, 2012 is \$5,264,949. Steve Wall made a motion to approve the Second Quarter 2012 Financial Statements as presented. Bret Millburn seconded the motion, which passed unanimously.

Review/Approve General Counsel for Board of Trustees

Johnnie Miller and members of the Litigation Management Committee have researched the best possible candidates (who have governmental agency knowledge and experience) as legal counsel for the Board of Trustees. Kent Sundberg reported that the Litigation Management Committee recommends that the Board retain Brett Rich as legal counsel (see attachment number eight). Brad Dee inquired about the process and suggested in the future, a request for proposal should go out to consider a larger number of candidates. Brad Dee made a motion authorizing Johnnie Miller to negotiate an annual retainer, up to \$7,000 per year, with Brett Rich. Craig Dearden seconded the motion, which passed unanimously.

Review/Approve Response to ULGT

The Board of Trustees received a letter from the Board of Directors of the Utah Local Governments Trust (ULGT) regarding 'UCIP employees' misrepresentations regarding ULGT' (see attachment number nine). As a professional courtesy, Jim Eardley made a motion to respond to the ULGT Board of Directors with corrections made to the draft letter presented (see attachment number ten). Cameron Noel seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Craig Dearden made a motion to strike agenda item: Set Date and Time for a Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual. Bret Millburn seconded the motion, which passed unanimously.

Action on Personnel Matters

Craig Dearden made a motion to strike agenda item: *Action on Personnel Matters.* Bret Millburn seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

Kent Sundberg made a motion to strike agenda item: Set Date and Time for a Closed Meeting to Discuss Pending or Reasonably Imminent Litigation. Craig Dearden seconded the motion, which passed unanimously.

Action on Litigation Matters

Kent Sundberg made a motion to strike agenda item: Action on Litigation Matters. Craig Dearden seconded the motion, which passed unanimously.

Appraisers Summary Report

Johnnie Miller reviewed Hirons & Associates' summary report for the 2012 appraisal projects of the following members: Cache, Carbon, Garfield, Morgan, Rich, Tooele, Utah, Wasatch and Weber Counties as well as Weber-Morgan Health (see attachment number 10). These members were last appraised in 2008. The appraised values have been included in member exposures for the 2013 renewal. HCA has met with County Reinsurance Limited who is researching the possibility of providing members with a preferred rate if appraisals meet a high level of professionalism and accuracy.

Chief Executive Officer's Report

Johnnie Miller reported that the main issue presented at the AGRIP CEO Institute was how to identify and clarify the amount of designated and undesignated surplus. Johnnie will review State Statute and the Uniform Fiscal Procedures Act with UCIP auditors. Another presentation called 'Predicable Analytics' talked about the advantages of having an independent firm analyze contributions to insure that each member is paying their fair share.

Johnnie Miller reported that Cache County has provided written notice to the Pool that they will be going out to bid for their membership in UCIP (see attachment number 11).

Johnnie Miller reported that Mark Brady has been working with Dan McDonald to develop a model land use ordinance but the initial proposal was too expensive. Mark has been working with the members to update their ordinances/policies and will be communicating recommendations to the attorney's at their October conference.

Other Business

The next meeting of the Board of Trustees will be held Thursday, October 4, 2012, 12:30 p.m. at Festival Hall, Cedar City.

Approved on this. day of (Ctober 2012

Steve Wall, Secretary/Treasurer

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UACIM BOARD OF TRUSTEES MEETING

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rd Fallaps, Milland County Socrie

NILLI Ann Skaneay, Caela, Connry Conocil Alemeat Kin. Sandberg, Plate County Deputy Advency

OTHERS PRESENT

Brent Carener, I AC Executive Director

Pres. Rich, Director, PACIAL

Som a White, PACIAI Administrative Assistan-

John Chino, GRMS Account Executive

Hong Alexander, McLarons Toplis Claims Alanager

CALL to ORDER & WELCOME NEW TRUSTEES

Gary Herbert called the meeting to order, welcomed those in attendance and introduced the newest Members of t to Pound, Commissioner Foy C Norman, Commissioner Kent Polersen and Council Alember Sara (Ann 8) analty,

KEVIEW of BOARD MEMBERS ASSENT

All Found Alembers were in an engagement.

AFPROVAL of AHNUTES

the minute of the Benedical traces meeting held October 15 and Biological conferences here Dicember 10, THE PARTY BY THE PARTY OF THE PARTY BY THE BOTTON OF THE B

OFFICE'S ELECTIONS

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ATTENDANCE of COMPETITORS at CONVENTIONS

Brent Gardner explained that representatives from Utah Local Governments Trust (who are direct competitors of the UAC Insurance Mutual) continue to "show up" at the Utah Association of Counties (UAC) Conventions. These conventions are assembled by UAC for their members who include the UACIM member counties. Brent is concerned that the Trust may be trying to solicit business away from UACIM and recommended that the UACIM Board request that the UAC Board restrict competitors from attending UAC Conventions. Sarah Ann Skanchy made a motion recommending that the UAC Board draft a policy concerning the attendance of direct competitors at the UAC Conventions. Royal Norman seconded the motion, which passed. Chad Johnson and Ed Phillips opposed the motion.

APPROVAL of 1999 REINSURANCE AGREEMENTS

the reinaurance coverage agreement. They agreed to everything listed in the draft agreement except for the YZK Exclusion, which is standard through the insurance industry. Brett explained that the reinaurance except for the YZK Exclusion of the policy is Relative Insurance company. Relitate, and nearly all property insurers, they property portion of the policy is Relative Insurance company. Relitate, and nearly all property insurers, they usually only YZK exclusion, signet Star is the reinsurer on the liability portion of the policy. Brett is negotiating to keep YZK hability Losses silent as to the liability section of the coverage agreement. In commes are taking procuntionary at pasto upgrade and elevate YZK problems then they should have coverage. It is those impossible to calculate actuarially what YZK losses may occur

Brett reported that he intends to negotiate coverage for nursing homes to be included in the coverage agreement. The Finish County Care Center is covered under a separate policy for an additional premium. Brett recommended that, if coverage can be included for an approximate premium of \$5000, the County should not be charged separately—the Board concurred.

Brett explained that the limits under the reinsurance program for hability and DIC (earthquake & flood) have been increased. Jerry Fless made a motion to credit those counties who were charged for the additional limits on their 1999 premium invoice. Chad Johnson seconded the motion, which passed unanumously.

Brett reviewed the draft reinsurance agreement with the Board. Ed Phillips made a motion approving the reinsurance agreement through APEX and the coverage agreement as modified by Brett Rich. Chad Johnson seconded the motion, which passed unanimously.

BROKER REPORT

John Chino had no items to report but explained that he is available to answer any questions relating to the reinsurance program, etc.

DIRECTOR'S REPORT

Brett Rich reviewed an annual surplus chart showing the amounts of surplus per year and the total amount of surplus as of November 1998 at \$2,856,735 (see attachment #1). Brett reviewed a total incurred loss comparison by year chart to show the Board that the 1998 total incurred losses are reaching almost as high as in 1994, which was the worst year for the Mutual (see attachment #2). Brett reviewed a total loss experience chart showing the amounts of incurred losses per year by type (see attachment #3). Loss prevention in the area of automobiles needs to be looked at carefully by the Loss Control Manager.

Brett recommended to the Poard that they approve a six-percent increase in the claims administration fee to include improvements to the operating system. Additionally, has determined that two people can operate the inhouse claims administration for the Afunual. Dan McConkie made a motion to approve the six-percent increase, which has been budgeted for the 1999 year, and directed Brett to clarify the use of outside investigators. Kent studberg seconded the motion, which passed ununinously.

Brett reported that he is scheduled to meet with Senator Mansell on Monday regarding the spensorship of Legislation relating to the Regulation of Public Agency Insurers.

Brett reported that Toocle County has reviewed the insurance proposals and will award the contract on Monday. In Brett's discussions with the County, they indicated that Olympus quoted a premium \$20,000 less than the Mutual but the Mutual's program does not have the deductibles and exclusions that are included in the Olympus program. The Board members will contact the Toocle Commissioners to answer any questions prior to their decision on Monday.

SET DATE and TIME for CLOSED MEETING

Child Johnson made a motion to set the date and time for a closed meeting to begin at 12:10 p.m. on December 17, 1998, to discuss pending or reasonably imminent hitigation. Tony Dearden seconded the metion, which passed unanimously.

Samin Ann Skanchy made a motion to conclude the closed meeting at 12:30 p.m. on December 17, 1598, Jerry Hess seconded the motion, which paised minimously.

ACTION OF LITTGATION MATTERS

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SUMMARY of SEFFEALBER and OCTOBER 1998 FINANCIAL STATEMENTS

Brett Rich reviewed the financial statement for the months ending September and October 1993 with the Board section five on page nine of the October statement for the surplus notes and interest canned routize of the five counties owed—De is, hinery. Cartista. Sin Juan and Washington. Brett is working with the Insurance Department to get the approval of the Commissioner to begin repaying the surplus notes.

OTHER BUSINESS

Brent Gardiner reported that it is then to replace the Association's vehicle used by Brett Rich. Dan McConkie made a motion to approve the purchase of a vehicle up to the budgeted amount including either the tradesin value or sale amount. Chad Johnson seconded the methat, which passed imminensity.

The next succeing of the Board of Trustees will be held on Justiny 22, 1999 at 9:30 a.m. at the UAC offices.

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Mary Jean King, FCAS, FCA, MAAA Consulting Actuary 118 Warfield Road Cherry Hill, NJ 08034 P:856.428.5961 F:856.428.5962 mking@bynac.com



UTAH COUNTIES INDEMNITY POOL (UCIP)

ACTUARIAL REPORT
Premium Indication 1/1-12/31/13

COMPARISON TO PRIOR REPORT

The loss projections in this report are compared to the 9/26/11 actuarial report in the following table.

COMPARISON OF LOSS PROJECTIONS TO PRIOR REPORT

General Liability Current	\$3.00 2.60 +15.4%	\$ 731,276 737,032	\$ 2,190,000 1,920,000
Prior Change	+10.470	- 0.8%	+14.1%
Auto Liability Current Prior Change	\$120	4,075	\$ 490,000
	135	4,202	570,000
	-11.1%	- 3.0%	-14.0%
Property Current Prior Change	\$0.0500	\$19,593,196	\$ 980,000
	0.0600	18,711,941	1,120,000
	-16.7%	+ 4.7%	-12.5%
Total Current Prior Change			\$ 3,660,000
			3,610,000
	+ 1.3%	+ 0.1%	+ 1.4%

[^] Expenditures (1,000).

There has been a significant increase in the general liability (GL) loss rates in the past year leading to an increase in the projected losses for 1/1-12/31/13. The projected loss rate for auto liability (AL) decreased again due to favorable experience in the 1/1-12/31/09 through 1/1-12/31/11 periods. Property (PR) loss rates have also been low the last three periods and projected property losses once again decreased. Overall, the total loss projection is a 1.4% increase over last year, due to a 1.3% increase in experience and a 0.1% increase in exposure.



^{*} Vehicles.

[~] Insured value (100).

GENERAL LIABILITY

ESTIMATED ULTIMATE INCURRED LOSSES INCURRED LOSS DEVELOPMENT

(Net of Recoveries)

A. LOSSES LIMITED TO \$250,000

Policy Period	Incurred Losses as of 6/30/12	Number of Claims in Excess of \$250,000	Incurred Losses in Excess of \$250,000	Limited Incurred Losses as of 6/30/12
1/1-12/31/07	\$1,256,873	0	\$ 0	\$1,256,873
1/1-12/31/08	1,191,235	0	0	1,191,235
1/1-12/31/09	1,491,157	. 1	40.000	1,191,235
1/1-12/31/10	1,283,835	0	40,000	1,283,835
1/1-12/31/11	1,186,340	1	120,000	1,066,340
Total	\$6,409,440	2	\$ 160,000	\$6,249,440

B. ESTIMATED ULTIMATE INCURRED LOSSES

Policy Period	Limited Incurred Losses as of 6/30/12	Age of Policy Period in Months	Incurred Loss Development Factor*	Estimated Ultimate Incurred Losses
1/1-12/31/07	\$1,256,873	66.0	1.098	\$1,380,047
1/1-12/31/08	1,191,235	54.0	1.160	1,381,833
1/1-12/31/09	1,451,157	42.0	1.336	1,938,746
1/1-12/31/10	1,283,835	30.0	1.843	2,366,108
1/1-12/31/11	1,066,340	18.0	2.901	2,505,577 ^
Total	\$6,249,440			\$9,572,311

^{*} Based on Section C of Table 1 of the 4/26/12 actuarial report.



Did not develop claim in excess of retention due to its large size relative to total losses. Did not develop claim #WEB-000394-2012 beyond retention.

GENERAL LIABILITY

COST LEVEL ADJUSTMENT

(Limited to \$250,000)

A. LOSSES ADJUSTED TO 1/1-12/31/13

Policy Period	Estimated Ultimate Incurred Losses	Loss Trend Factor*	Adjusted Losses#
1/1-12/31/07	\$1,380,017	1.299	\$1,751,136
1/1-12/31/07	1.362.935	1.236	1,656,488
1/1-12/31/09	1,932,064	1.183	2,183,872
1/1-12/31/10	2,380,021	1.138	2,708,464
1/1-12/31/10	2,426,624	1.090	2,622,520
Total	\$9,481,661		\$10,922,480

B. EXPOSURE ADJUSTED TO 1/1-12/31/13

Policy Period	Expenditures (\$1,000s)	Exposure Trend Factor^	Adjusted Expenditures (\$1,000s)
1/1-12/31/07	\$ 579,901	1.195	\$ 692,982
1/1-12/31/08	627,498	1.160	727,898
1/1-12/31/09	659,039	1.126	742,078
1/1-12/31/10	677,708	1.093	740,735
1/1-12/31/11	669,118	1.061	709,934
Total	\$3,213,264		\$3,613,627

^{*} See Section A of Appendix B, Exhibit I.

[#] Losses have not been adjusted above the retention.

[^] See Section A of Appendix B, Exhibit II.

GENERAL LIABILITY

PROJECTED LOSSES FOR 1/1-12/31/13 (Limited to \$250,000)

A. PURE LOSS RATES

			Pure Loss
		Adjusted	Rate per
Policy	Adjusted	Expenditures	\$1,000
Period	Losses	(\$1,000s)	Expenditures
1/1-12/31/07	\$1,751,136	\$ 692,982	60.50
1/1-12/31/08	1,656,488		\$2.53
1/1-12/31/09	2,183,872	727,898	2.28
1/1-12/31/10		742,078	2.94
1/1-12/31/11	2,708,464	740,735	3.66
1/1-12/31/11	2,622,520	709,934	3.69
Total	\$10,922,480	\$3,613,627	
		Average	\$3.02
		Wtd Average	3.02
		3 Yr Average	3.43
		5 Yr Mid Average	3.04
		Prior	2.60
		Selected [^]	3.00
_			
B. PROJECTED LOSS	SES		
	Selected	Projected	
Policy	Pure Loss	Expenditures	Projected
Period	Rate	(1,000)	Losses

\$ 731,276 #

\$2,190,000

\$3.00

1/1-12/31/13



[^] Selected the weighted average.

[#] Provided by UCIP.

Figure 2

GENERAL LIABILITY

PURE LOSS RATES ADJUSTED TO A 1/1-12/31/13 COST LEVEL

(Limited to \$250,000)

Pure Loss Rate Selected -Selected per \$1,000 Expenditures \$5.00 \$4.00 \$3.69 \$3.66 \$3.00 \$3.00 \$2.53 \$2.28 \$2.00 \$1.00 \$0.00 2013 2010 2011 2009 2007 2008 1/1-12/31 Policy Period



Table 14

UTAH COUNTIES INDEMNITY POOL

AUTO LIABILITY

PROJECTED LOSSES FOR 1/1-12/31/13 (Limited to \$250,000)

A. PURE LOSS RATES

Policy Period	Adjusted Losses	Vehicles	Pure Loss Rate per Vehicle
1/1-12/31/07	\$ 346,182	3,961	\$ 87
1/1-12/31/08	871,442	4,021	217
1/1-12/31/09	345,567	4,229	82
1/1-12/31/10	372,604	4,092	91
1/1-12/31/11	496,264	4,159	119
Total	\$2,432,059	20,462	
		Average	\$119
		Wtd Average	119
		3 Yr Average	97
		5 Yr Mid Average	99
		Prior	135
		Selected [^]	120

B. PROJECTED LOSSES

	Selected				
Policy	Pure Loss	Projected		F	Projected
Period	Rate	Vehicles		-	Losses
1/1-12/31/13	\$120	4,075	#	\$	490,000

[^] Selected the weighted average.



[#] Provided by UCIP.

Figure 4

AUTO LIABILITY

PURE LOSS RATES ADJUSTED TO A 1/1-12/31/13 COST LEVEL

(Limited to \$250,000)

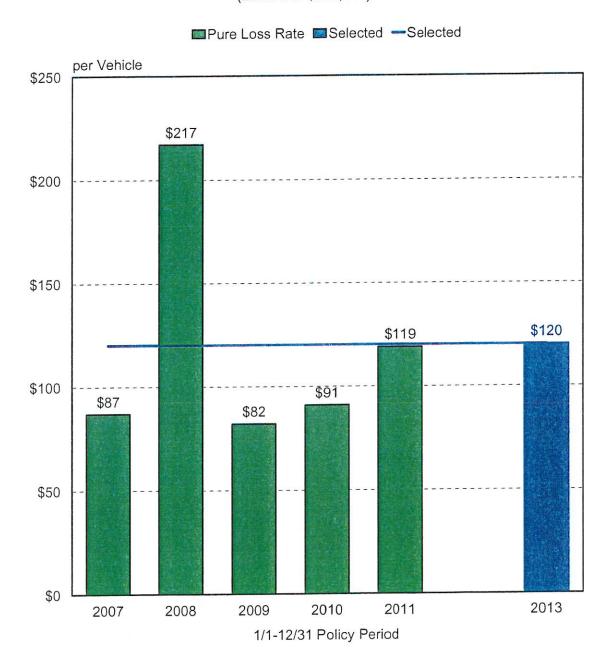




Table 19

UTAH COUNTIES INDEMNITY POOL

PROPERTY

PROJECTED LOSSES FOR 1/1-12/31/13 (Limited to \$250,000)

A. PURE LOSS RATES

Policy Period	Adjusted Losses	Adjusted Insured Value (\$100s)	Pure Loss Rate per \$100 Ins. Value
1/1-12/31/07 1/1-12/31/08 1/1-12/31/09 1/1-12/31/10 1/1-12/31/11	\$1,000,415 998,872 786,522 415,554 528,201	\$12,305,806 14,976,590 15,574,667 16,034,129 16,484,724	\$0.0813 0.0667 0.0505 0.0259 0.0320
		Average Wtd Average 3 Yr Average 5 Yr Mid Average Prior Selected^	\$0.0513 0.0495 0.0361 0.0497 0.0600 0.0500
B. PROJECTED LOSSI	ΞS		
Policy Period	Selected Pure Loss Rate	Projected Ins. Value (\$100s)	Projected Losses
1/1-12/31/13	\$0.0500	\$19,593,196 #	\$ 980,000

[^] Selected the 5 Yr mid average.



[#] Provided by UCIP including Davis County building and contents,

Figure 6

PROPERTY

PURE LOSS RATES ADJUSTED TO A 1/1-12/31/13 COST LEVEL

(Limited to \$250,000 Excluding Davis County Building and Contents)

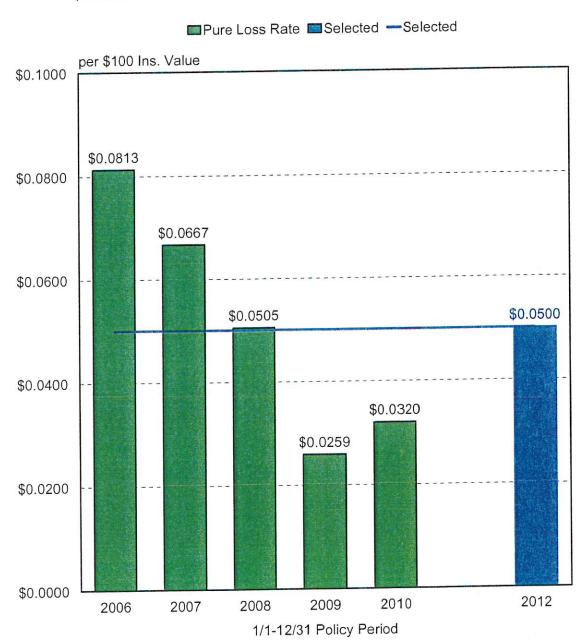




Table 20

UTAH COUNTIES INDEMNITY POOL

ALL COVERAGES

PREMIUM INDICATION FOR 1/1-12/31/13 BY COVERAGE

(Gross of Deductible)

			General Liability	Automobile Liability	Property	Total
A.	LOSS PROJECTION*		\$2,190,000	\$ 490,000	\$ 980,000	\$3,660,000
В.	FIXED EXPENSES**		\$1,640,000	\$ 370,000	\$ 930,000	\$2,940,000
C.	INDICATED PREMIUM UNDISCOUNTED A + B		\$3,830,000	\$ 860,000	\$1,910,000	\$6,600,000
D.	CURRENT PREMIUM#					\$6,513,060
E.	UNDISCOUNTED PREMIUM INDICATION C/D - 1					+ 1.3%
F.	LOSS PRESENT VALUE FACTOR##		0.972	0.988	0.994	0.980
G.	PREMIUM PRESENT VALUE FACTOR^	1.000				
Н.	INDICATED PREMIUM DISC. AT 0.7% PER ANNUM [A x F + B]/G		\$3,770,000	\$ 850,000	\$1,900,000	\$6,530,000
Ĭ.	DISC. PREMIUM INDICATION AT 0.7% PER ANNUM H/D - 1					+ 0.3%

^{*} See Section B of Tables 7, 14, and 19.



^{**} See Appendix B, Exhibit III.

[#] Provided by UCIP.

^{##} See Appendix B, Exhibit IV.

[^] See Appendix B, Exhibit V.

Table 21

ALL COVERAGES

PREMIUM INDICATION FOR 1/1-12/31/13 BY CONFIDENCE LEVEL

(Gross of Deductible)

					Confiden	ce Level		
			30%	Expected	70%	80%	90%	95%
A.	LOSS PROJECTION*		\$3,530,000	\$3,660,000	\$3,780,000	\$3,860,000	\$3,970,000	\$4,060,000
В.	FIXED EXPENSES**	\$2,940,000						
C.	INDICATED UNDISCOUNTED PREMIUM A + B		\$6,470,000	\$6,600,000	\$6,720,000	\$6,800,000	\$6,910,000	\$7,000,000
D.	CURRENT PREMIUM#	\$6,513,060						
E.	UNDISCOUNTED PREMIUM INDICATION C/D - 1		- 0.7%	+ 1.3%	+ 3.2%	+ 4.4%	+ 6.1%	+ 7.5%
F.	LOSS PRESENT VALUE FACTOR	0.980						
G.	PREMIUM PRESENT VALUE FACTOR	1.000						
Н.	INDICATED PREMIUM DISC. AT 0.7% PER ANNUM [A x F + B]/G		\$6,400,000	\$6,530,000	\$6,640,000	\$6,720,000	\$6,830,000	\$6,920,000
ì.	DISC. PREMIUM INDICATION AT 0.7% PER ANNUM H/D - 1		- 1.7%	+ 0.3%	+ 1.9%	+ 3.2%	+ 4.9%	+ 6.2%

^{*} See Appendix B, Exhibit VI.



^{**} See Appendix B, Exhibit III.

[#] Provided by UCIP.

Appendix B, Exhibit III

UTAH COUNTIES INDEMNITY POOL

ALL COVERAGES

ESTIMATED EXPENSES FOR 1/1-12/31/13

Expense	General Liability	Automobile Liability	Property	Total	Percent of Premium
Reinsurance* Other Fixed Expenses#	\$ 890,700 752,000	\$ 199,300 168,000	\$ 590,000 336,000	\$1,680,000 1,256,000	25.8% 19.3%
Fixed Expenses	\$1,642,700	\$ 367,300	\$ 926,000	\$2,936,000	45.1%



Provided by UCIP. Liability allocation based on projected losses.
 Total provided by UCIP. Allocated based on projected losses.

Actuarial Consulting, Inc.

Mary Jean King, FCAS, FCA, MAAA Consulting Actuary 118 Warfield Road Cherry Hill, NJ 08034 P:856.428.5961 F:856.428.5962 mking@bynac.com

UTAH COUNTIES INSURANCE POOL (UCIP)

MULTILINE PROGRAM

ACTUARIAL REPORT Reserve Analysis as of 12/31/11

Table 34

UTAH COUNTIES INSURANCE POOL

ALL MULTI-LINE COVERAGES

HISTORICAL PROFITABILITY ANALYSIS

ESTIMATED UNDERWRITING INCOME

Policy Period	Premium*	Operating Expenses*	Funds Available for Claims	Estimated Ultimate Incurred Losses	Estimated Underwriting Income
1/1-12/31/01	\$ 3,222,871	\$ 1,489,185	\$ 1,733,686	\$ 1,715,000	\$ 18,686
1/1-12/31/02	3,505,736	1,644,953	1,860,783	1,850,000	10,783
1/1-12/31/03	3,930,854	2,042,668	1,888,186	2,421,170	(532,984)
1/1-12/31/04	4,194,644	2,048,851	2,145,793	2,710,107	(564,314)
1/1-12/31/05	4,217,591	2,046,257 #	2,171,334	2,526,117	(354,783)
1/1-12/31/06	4,195,406	2,058,540 #	2,136,866	2,484,139	(347,273)
1/1-12/31/07	4,676,898	2,426,559 #	2,250,339	2,523,501	(273,162)
1/1-12/31/08	5,146,934	2,145,715	3,001,219	2,771,153	230,066
1/1-12/31/09	5,573,525 ^	2,012,633 ^	3,560,892	2,902,478	658,414
1/1-12/31/10	5,710,286	2,444,578	3,265,708	3,188,247	77.461
1/1-12/31/11	6,281,252 ~	2,765,752 ~	3,515,500	3,129,335	386,165
Total	\$50,655,997	\$23,125,691	\$27,530,306	\$28,221,247	(\$ 690,941)

ESTIMATED FUND BALANCE

Policy Period	Estimated Underwriting Income		Interest & Other Income*			timated Income
1/1-12/31/01	\$	18,686	\$	434,407	\$	453.093
1/1-12/31/02		10,783		237,750		248,533
1/1-12/31/03	(532,984)		223,149	(309,835)
1/1-12/31/04	(564,314)		230,501	ì	333,813)
1/1-12/31/05	(354,783)		400,393		45.610
1/1-12/31/06	(347,273)		618,976		271,703
1/1-12/31/07	(273,162)		554,819		281.657
1/1-12/31/08		230,066	(42,271)		187,795
1/1-12/31/09		658,414		176,378 ^		834,792
1/1-12/31/10		77,461		302,702		380,163
1/1-12/31/11		386,165		60,000 ~		446,165
Total	(\$	690,941)	\$3	,196,804	\$2	,505,863

LOSS RATIOS

Policy Period	Paid Loss Ratio as of 12/31/11	Incurred Loss Ratio as of 12/31/11	Estimated Ultimate Incurred Loss Ratio	Permissible Loss Ratio (Funds Available/ Premium)	Combined Ratio [(Losses+ Expenses)/ Premium]
1/1-12/31/01	0.532	0.532	0.532	0.538	0.994
1/1-12/31/02	0.528	0.528	0.528	0.531	0.997
1/1-12/31/03	0.616	0.616	0.616	0.480	1.136
1/1-12/31/04	0.634	0.642	0.646	0.512	1.135
1/1-12/31/05	0.599	0.599	0.599	0.515	1.084
1/1-12/31/06	0.548	0.554	0.592	0.509	1.083
1/1-12/31/07	0.486	0.503	0.540	0.481	1.058
1/1-12/31/08	0.437	0.502	0.538	0.583	0.955
1/1-12/31/09	0.320	0.406	0.521	0.639	0.882
1/1-12/31/10	0.163	0.320	0.558	0.572	0.986
1/1-12/31/11	0.158	0.233	0.498	0.560	0.939
Total			0.557	0.543	1.014

- * From the audited financial statements.
- # Split administrative expenses 19% workers compensation and 81% multi-line at UCIP's request.

 ^ Split workers compensation and multi-line based on estimates provided by UCIP.

 Estimated by UCIP.



Figure 6

UTAH COUNTIES INSURANCE POOL

ALL COVERAGES

HISTORICAL PROFITABILITY ANALYSIS

■Estimated Ultimate Losses ■Operating Expenses —Premium \$ Millions 7.0 _5.9 6.0 5.0 4.8 4.6 4.5 4.5 4.0 3.5 3.2 3.0 2.0 1.0 0.0 2005 2006 2007 2008 2009 2010 2011 2003 2004 2002 2001 6.3 5.7 4.7 5.1 5.6 4.2 4.2 3.2 3.5 3.9 Premium





2013 CONTRIBUTION CALCULATION

(2012 Rates)

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COUNTY	INSURABLE VALUE	PERCENT CHANGE	NUMBER of VEHICLES	PERCENT CHANGE	EXPENDITURES	PERCENT CHANGE	PROPERTY \$0.105	AUTO \$285.00	LIABILITY \$4.50	2013 CONTRIBUTION	PERCENT	PREMIUM
Beaver	37,525,969	2%	67	-24%	9.104.500	7%	39,402	19,095	41,016	99,513	-3%	102,168
Box Elder	45,062,064	3%	227	-2%	24,283,553		47,315	64,695	109,397	221,408	-3%	228,049
Cache	61,811,619	0%	276	3%	26,357,682	-6%	64,902	78,660	118,741	262,304	-2%	267,048
Carbon	74,303,183	6%	144	-3%	22,275,720		78,018	41,040	100,352	219,410	-24%	288,366
Daggett	13,044,848	4%	43	-4%	6,112,261	5%	13,697	12,255	27,536	53,488	3%	52,071
Davis	219,707,370	18%	224		78,114,189		131,811	63,840	351,904	547,555	1%	541,804
Duchesne	42,279,453	3%	139	5%	11,081,418	0%	44,393	39,615	49,922	133,930	2%	130,815
Emery	49,336,304	2%	151	-8%	11,102,640		51,803	43,035	50,017	144,856	-6%	154,824
Garfield	31,196,460	3%	106	2%	13,947,920	42%	32,756	30,210	62,835	125,802	19%	105,668
Iron	67,394,677	3%	203	2%	24,723,709	-20%	70,764	57,855	111,380	240,000	-9%	265,169
Juab	36,500,724	7%	128	-3%	8,764,107	-11%	38,326	36,480	39,482	114,288	-3%	118,129
Kane	32,894,469	3%	83	-15%	18,284,851	26%	34,539	23,655	82,373	140,567	11%	126,712
Millard	62,803,208	2%	162	-3%	17,555,084	-1%	65,943	46,170	79,086	191,199	-1%	192,501
Morgan	17,752,570	1%	46	12%	5,666,993	0%	18,640	13,110	25,530	57,280	3%	55,699
Piute	6,874,478	2%	25	0%	1,263,195	0%	7,218	7,125	5,691	20,034	1%	19,882
Rich	6,877,508	10%	47	2%	3,390,715	-11%	7,221	13,395	15,275	35,892	-3%	36,869
San Juan	44,258,455	3%	222	2%	17,472,429	-17%	46,471	63,270	78,713	188,455	-6%	201,490
Sanpete	28,028,842	2%	93	1%	8,919,424	5%	29,430	26,505	40,182	96,117	3%	93,378
Sevier	40,137,005	5%	118	0%	15,197,668	3 -3%	42,144	33,630	68,465	144,239	0%	144,597
Tooele	154,303,211	29%	287	-1%	46,806,162	2 -1%	162,018	81,795	210,862	454,675	8%	421,979
Uintah	100,623,790	-2%	146	10%	46,299,088	3 -7%	105,655	41,610	208,577	355,842	-4%	370,892
Utah	231,461,886	7%	316	4%	125,033,657	7 17%	243,035	90,060	563,277	896,372	13%	796,393
Wasatch	79,013,923	39%	167	8%	20,739,965	5 -20%	82,965	47,595	93,434	223,993	3 1%	221,18
Washington	98,617,445	1%	210) -9%	38,590,523	3 1%	103,548	59,850	173,850	337,249	-1%	340,59
Wayne	10,419.242	1%	6.5	-3%	3.452.136	10/	10.040	10 505	45.550			

Utah Counties Indemnity Pool Payments June 20, 2012 - August 16, 2012

Amount	-13,088.51 -12,966.48 -4,733.78 -7,370.86 -1,669.85 -4,686.61 -957.74 -4,361.48 -1,067.34 -202.02 -49.95 -61.05 -212.74 -400.00 -2,22.00 -212.74 -400.00 -1,110.00 -2,219.00 -1,778.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -2,219.00 -1,000.00 -300.00 -1,105.98 -6,000.00 -59.35	-97,466.16
Мето	Created by Payroll Services on 07/26/2012 Created by Payroll Services on 08/09/2012 EFT ACKNOWLEDGEMENT NUMBER: 270261255813292 Confirmation Number: 072738139218 Entity: 644013 Confirmation Number: 0-436-562-944 EFT ACKNOWLEDGEMENT NUMBER: 270262673311774 Account Number: 4886 2002 0207 3691 Account Number: 4886 2002 0207 3693 Mileage Reimbursement Mileage	
Name	QuickBooks Payroll Service QuickBooks Payroll Service United States Treasury Utah Retirement Systems Nationwide Retirement Solutions Utah State Tax Commission United States Treasury Wells Fargo Jim Eardley Steven Wall By The Numbers Actuarial Consultin PEHP-LTD Davis County Weber County Weber County Weber County Weber County Westem AgCredit Johnnie R. Miller Jo	
Num	ONLINE ONLINE ONLINE ONLINE ONLINE ONLINE ONLINE ONLINE 6440 6441 6444 6444 6444 6444 6445 6451 6451	
Date	7/30/2012 8/14/2012 7/30/2012 7/30/2012 7/30/2012 7/20/2012 7/26/2012 7/26/2012 7/25/2012 7/25/2012 7/25/2012 7/25/2012 7/25/2012 7/25/2012 7/25/2012 7/25/2012 7/25/2012 7/25/2012 7/25/2012 7/27/2012 8/7/2012 8/7/2012 8/7/2012 8/7/2012 8/7/2012 8/7/2012 8/7/2012 8/7/2012 8/7/2012 8/7/2012 8/7/2012	
Type	ML Expense Liability Check Liability Check Liability Check Liability Check Bill Pmt-Check Bill Pmt-	Total ML Expense

Utah Counties Indemnity Pool Payments June 20, 2012 - August 16, 2012

TOTAL	1
	Туре
	Date
	Num
	Name
	Memo
-97,466.16	Amount



Utah Counties Indemnity Pool

FINANCIAL STATEMENTS

Quarter Ending June 30, 2012

Utah Counties Indemnity Pool

Second Quarter 2012 Financial Statements

To the Board of Trustees:

I have compiled the accompanying, in-house prepared, unaudited account balances arising from cash transactions and from accrual transaction of the Utah Counties Indemnity Pool as of 6/30/2012 and accompanying notes to basic financial statements.

Sonya White Chief Financial Officer 801-307-2113 sonya@ucip.utah.gov

Reviewed this .	day of	, 2012
Bv:		

Utah Counties Indemnity Pool

Statement of Net Assets As of June 30, 2012

Jun 30, 2012	Jun 30, 2011	Dec 31, 2011
\$ 12,110,503	\$ 11,776,166	\$ 8,262,264
19,799	205,436	1,513,378
151,300	145,492	151,300
302,815	907,547	234,770
12,584,416	13,034,640	10,161,712
2,775,056	587,267	2,878,545
50,180	94,601	89,848
526,778	494,446	494,446
11,336	11,336	11,336
\$ 15,947,766	\$ 14,222,291	\$ 13,635,887
\$ 7,479,264	\$ 6,735,285	\$ 6,658,344
11,927	-	6,942
		39,691
3,140,626	2,973,369	1,197,891
10,682,817	9,750,591	7,902,868
89,848	600,897	89,848
5,175,101	3,870,803	5,643,171
5,264,949	4,471,700	5,733,019
\$ 15,947,766	\$ 14,222,291	\$ 13,635,887
	\$ 12,110,503 19,799 151,300 302,815 12,584,416 2,775,056 50,180 526,778 11,336 \$ 15,947,766 \$ 7,479,264 11,927 51,000 3,140,626 10,682,817 89,848 5,175,101 5,264,949	\$ 12,110,503 \$ 11,776,166 19,799 205,436 151,300 145,492 302,815 907,547 12,584,416 13,034,640 2,775,056 587,267 50,180 94,601 526,778 494,446 11,336 11,336 \$ 15,947,766 \$ 14,222,291 \$ 7,479,264 \$ 6,735,285 11,927 - 51,000 41,937 3,140,626 2,973,369 10,682,817 9,750,591 89,848 600,897 5,175,101 3,870,803 5,264,949 4,471,700

Utah Counties Indemnity Pool

Statements of Revenues, Expenses and Changes in Net Assets
As of June 30, 2012

	Jan - Jun 12	Budget	\$ Over Budget	% of Budget
Operating Income				
Contributions	\$3,140,626	\$6,281,252	-\$3,140,626	50%
Investment Income	64,736	65,000	-264	100%
Other Income	14,248	9,500	4,748	150%
Total Operating Income	3,219,610	6,355,752	-3,136,142	51%
Underwriting Expense				
Losses and Loss Adjustment Expenses	2,168,291	3,590,000	-1,421,709	60%
Reinsurance Coverage	1,003,425	1,600,000	-596,576	63%
Total Underwriting Expense	3,171,716	5,190,000	-2,018,284	61%
Administration Expenses				
Board of Trustees	9,458	45,000	-35,542	21%
Depreciation	7,709	20,000	-12,291	39%
Loss Control	34,010	50,000	-15,990	68%
Marketing	10,862	16,000	-5,138	68%
Office Operations	107,028	210,000	-102,972	51%
Professional Services	52,441	74,752	-22,311	70%
Staff	301,823	750,000	-448,177	40%
Total Administration Expenses	523,330	1,165,752	-642,422	45%
Total Operating Expenses	3,695,046	6,355,752		
Net Operating Income	(475,436)			
Other Income				
Unrealized Gain on Marketable Securities	7,366	-	7,366	100%
Total Other Income	7,366		7,366	100%
Net Decrease	(468,070)			
Net Assets Available at Beginning of Year	5,733,019			
Net Assets Available at End of Quarter	\$ 5,264,949			

Utah Counties Indemnity Pool

Statement of Cash Flows As of June 30, 2012

	2012	2011
Cash Flows from Operating Activities		D 2000 0000
Contributions Collected	6,576,940	6,405,689
Other Fees Collected	14,248	23,319
Reinsurance Paid	(1,071,469)	(1,392,980)
Losses and Loss Expenses Paid	(1,347,371)	(3,036,969)
Administrative Expenses Paid	(499,326)	(1,014,996)
Net Cash from Operating Activities	3,673,022	984,063
Cash Flows from Investing Activities		
Purchases/Sales of Investments	103,488	(1,863,104)
Investment Income	72,102	68,913
Net Cash from Investing Activities	175,590	(1,794,191)
Cash Flows from Capital and Financing Activities		
Purchases of Capital Assets	(564)	(3,942)
Proceeds from Sales of Capital Assets	191	(3,342)
Net Cash from Capital and Financing Activities	(373)	(3,942)
Net Gash nom Gapital and I mancing Activities	(373)	(3,942)
Net Increase/Decrease in Cash and Cash Equivalents	3,848,239	(814,070)
Cash and Cash Equivalents at Beginning of Year	8,262,264	9,076,334
Cash and Cash Equivalents at End of Quarter	12,110,503	8,262,264
Reconciliation of Change in Net Assets to Net Cash Flows From Activities	(400 070)	222.222
Change in Net Assets	(468,070)	988,092
Adjustments to Reconcile Change in Net Assets to Net Cash Flows		
Depreciation	7,709	20,545
Interest Received on Investments	(72,102)	(68,913)
Decrease in Equity Zions	7,366	644
Increase in Equity in CRL	-	(428,178)
Unrealized Gain on Investments	(7,366)	(644)
Loss on Disposal of Equipment	-	(011)
Changes in Assets and Liabilities		
Accounts Receivable	1,493,579	4,253
Prepaid Expenses	(68,045)	(15,138)
Reinsurance Recoverable		(5,808)
Reserves for Loss and Loss Adjustment Expenses	820,920	21,943
Accounts Payable	4,985	(21,070)
Accrued Expenses	11,310	9,474
Premiums Paid in Advance	1,942,735	478,863
Total Adjustments	4,141,092	(4,029)
	Market Company of the Company	, ,
Net Cash Flows from (used by) Operating Activities	3,673,022	984,063

Utah Counties Indemnity Pool

NOTES to the FINANCIAL STATEMENTS

June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Utah Counties Indemnity Pool (the Pool or UCIP) was incorporated in December 1991 as the Utah Association of Counties Insurance Mutual (the Mutual). In July 2003, the Mutual was renamed the Utah Counties Insurance Pool. In January 2012, the Pool was renamed the Utah Counties Indemnity Pool. The Pool is a non-profit Interlocal entity formed under Section 11-13-101 et. seq. *Utah Code Annotated, 1953* as amended, operated as a joint liability reserve fund under Section 63G-7-703 and 801 for counties who enter into the Interlocal agreement that creates UCIP. The Pool is referred to as a "public agency insurance mutual" under the insurance statutes of the State of Utah, Section 31A-1-103(7). All of the Pool's business activities are conducted in the State of Utah.

Accounting Principles

These financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Pool adopted Governmental Accounting Standards Board (GASB) Statement No 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB Statement 34), GASB Statement No. 37, *Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*, in fiscal year 2002, effective January 1, 2001. Effective January 1, 2004, the Pool adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. With the implementation of these statements, the Pool has prepared required supplementary information titled 'Management's Discussion and Analysis' which precedes the basic financial statements, has prepared a balance sheet classified between current and noncurrent assets and liabilities, has categorized net assets as invested in capital assets and unrestricted, has prepared the statements of cash flows on the direct method, and provided additional schedules to better communicate the financial status of the governmental entity.

The accounting policies of the Pool conform to accounting principles generally accepted in the United States of America in all material respects. In accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Fund and Other Governmental Entities That Use Proprietary Fund Accounting, the Pool has opted to apply all pronouncements issued by the Financial Accounting Standards Board ("FASB") after November 1989, unless the FASB pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant of such policies.

Basis of Accounting

The Pool reports as a single enterprise fund and uses the accrual method of accounting and the economic resources measurement focus. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The estimates which are particularly susceptible to change are related to the actuarial valuation of the claims incurred but not reported and loss reserves. Actual results could differ from those estimates.

Income Taxes

The Pool is exempt from the payment of income taxes under Section 115 of the Internal Revenue Code

Compensated Absences

Accumulated unpaid vacation and sick pay amounts are accrued when benefits vest to employees and the unpaid liability is reflected as compensated absences payable.

Contributions

Contributions are collected annually on January 1.

Contributions Paid in Advance

Contributions paid by members prior to January 1 of the next calendar year are considered to be deferred until January 1 and are reported as liabilities in the statement of net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Pool considers all highly liquid debt instruments with maturities of three months or less to be cash equivalents. Therefore, the investments in the Utah Public Treasurers' Fund and cash on deposit are considered to be cash equivalents.

Investments

Investments are comprised of various U.S. Government securities, certificates of deposit and investments in County Reinsurance Limited (CRL).

Investments in U.S. Government securities as of June 30, 2012 consist of held-to-maturity securities. Held-to-maturity securities are reported at cost, adjusted for amortization of premiums and accretion of discounts that are recognized in interest income using the effective interest method over the period to maturity.

The investments in CRL are valued using the equity method of accounting. Under the equity method, the Pool recognizes its proportionate share of the net earnings or losses of CRL which represents its share of the undistributed earnings or losses of CRL.

Land Held for Investment

The Pool purchased land in October of 2007 with the intent of building office space to house Pool employees and conduct board meetings and training. The Board has determined to hold the land as an investment for future sale.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are defined by the Pool as assets with an initial individual cost of more than \$500. Capital assets are stated at cost less accumulated depreciation. Depreciation on furniture, equipment and electronic data processing equipment is provided over the estimated useful lives of the assets on the straight-line method. Useful lives vary from three to five years. Depreciation expense for the current year, as of the quarter ending June 30, 2012, amounted to \$7,709.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount based on past experience for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes that amounts are adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are reviewed quarterly and any adjustments are reflected in the period determined.

Subsequent Events

Management of the Pool has evaluated subsequent events through June 30, 2012. It was recognized that an error was made in the December 31, 2011 Actuarial Report in the calculation of general liability excess losses. An excess auto liability claim was inadvertently included in the general liability large loss listing. This caused approximately \$194,000 of an increase to the January 1 through December 31, 2008 period in the interim reserve review as of the quarter ending March 31, 2012.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Listed below is a summary of the cash and investment portfolios as of December 31, 2011 and 2010. Investing is governed by the prudent man rule in accordance with statues of the State of Utah. All investments of the Pool are considered to have been made in accordance with these governing statues including the Utah Money Management Act.

Cash and Cash Equivalents

Cash and cash equivalents of the Pool are carried at cost. The carrying amount of the cash on deposit, net of outstanding checks, is \$129,696 as of June 30, 2012. The corresponding bank balance of the deposits was \$216,427 as of June 30, 2012. All of the Pool's cash on deposit bank accounts are non-interest-bearing. The FDIC has no limits on non-interest-bearing accounts in financial institutions insured by the FDIC for the period of January 1, 2012 to December 31, 2012.

The Public Treasurers' Investment Fund (PTIF) is a pooled investment fund enabling public agencies to benefit from the higher yields offered on large denomination securities. The PTIF is similar in nature to a money market fund, but the PTIF is subject to oversight by the Utah Money Management Council and all investments in PTIF are considered to be in compliance with the Utah Money Management Act. The PTIF invests in corporate debt, U.S. Agency notes, certificates of deposit and commercial paper. The maximum final maturity of any security invested in by the PTIF is limited to five years. The maximum weighted average life of the portfolio is limited to 90 days. There is no maturity date on any entity's investment in the PTIF. PTIF deposits are not insured or otherwise guaranteed by the State of Utah.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Zions Wealth Advisors DBA Contango Capital Advisors is a Certified Investment Advisory Firm subject to oversight by the Utah Money Management Council and all investments with Zions Wealth Advisors are considered to be in compliance with the Utah Money Management Act. The maximum final maturity of any security invested in by Zions Wealth Advisors is limited to three years. Zions Wealth Advisors Investments are not insured or otherwise guaranteed.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2011, all the Pool's bank balances were fully insured by FDIC. As of June 30, 2012, all of the Pool's bank balances were fully insured by the FDIC.

As of June 30, 2012, the Pool's cash and cash equivalents and investments included the following:

Cash on Deposit	\$	129,696
Public Treasurers' Investment Fund	-	11,711,628
Zions Wealth Advisors		269,179
Total Cash and Cash Equivalents		12,110,503
Investments - U.S. Government Securities		1,759,615
Equity Investment in County Reinsurance Limited		1,015,441
Land Held for Sale		526,778
Total Investments		3,301,834
Total Cash and Cash Equivalents and Investments	\$	15.412.337

Investments

The Pool records its investments in U.S. Government Securities at market value. The Pool records investments with County Reinsurance Limited (CRL) using the equity method of accounting. Investments in CRL are confirmed annually. All other investments are through the PTIF. The differences between book value and fair value, as of June 30, 2012, are as follows:

	Cost	Unr	Gross realized Gains	Gross realized Losses	Fair Value	Statement Value
Equity	\$ 1,015,441	\$	-	\$ -	\$ 1,015,441	\$ 1,015,441
Land	526,778		=	18	526,778	526,778
Securities	1,967,229		7,366	214,980	1,759,615	1,759,615
Total Investments	\$ 3,509,448	\$	7,366	\$ 214,980	\$ 3,301,834	\$ 3,301,834

Interest Rate Risk

The Pool currently utilizes the Public Treasurer's Investment Fund (PTIF) and Zions Wealth Advisors, both regulated by the Utah Money Management Council, to manage interest rate risk.

2. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The Pool's policy for limiting the credit risk of investments is to comply with the Money Management Act.

Investments are categorized into these three categories of credit risk:

- Category 1 Insured or registered, or securities held by the Pool or its agent in the Pool's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Pool's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, not in the Pool's name.

Investments in U.S. government securities in the amount of \$1,759,615 are considered to be Category 3 securities. PTIF investments, equity investments in CRL and land held for sale in the total amount of \$13,253,846 are uncategorized investments.

3. INVESTMENT INCOME

Investment income is comprised of the following as of June 30, 2012:

Interest:		
Bonds	\$	17,419
Equity		
Cash		47,317
Total Interest Income	\$	64,736
	90	
Cash Received:		
Bonds	\$	17,027
Cash		47,317
Total Cash Received	\$	64,344
Noncash Adjustments:		
Equity	\$	199
Change in Accrued Interest		392
Amortization		
Total Noncash Adjustments	\$	392
Total Investment Income	\$	64,736

4. INTEREST RATES

The interest rate for assets held with the Utah Public Treasurers' Investment Fund was .7786% as of June 30, 2012.

5. CAPITAL ASSETS

The capital assets and related accumulated depreciation of the Pool are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Depreciated:				
Office Furniture and Equipment	167,294	564	(669)	167,190
Total Capital Assets Depreciated	167,294	564	(669)	167,190
Less Accumulated Depreciation:				
Office Furniture and Equipment	(113,622)	(3,866)	478	(117,010)
Total Accumulated Depreciation	(113,622)	(3,866)	478	(117,010)
Total Capital Assets	\$ 53,672	\$ (3,302)	\$ (191)	\$ 50,180

6. CONTINGENCIES

The Pool is subject to litigation from the settlement of claims contested in the normal course of business. The losses from the actual settlement of such unknown claims are taken into consideration in the computation of the estimated unpaid loss and loss adjustment expense liabilities.

7. REINSURANCE

Effective 2003, the Pool has purchased only specific excess coverage. The agreement provides for liability insurance in excess of a \$250,000 self-insured retention and property and crime insurance in excess of a \$250,000 self-insured retention.

Estimated claims loss liabilities of the Pool are stated net of estimated losses applicable to reinsurance coverage ceded to other insurance companies of \$902,413 as of June 30, 2012. However, the Pool is contingently liable for those amounts in the event such companies are unable to pay their portion of the claims.

Reinsurance Recoverables on Aggregate Losses

The Pool has reinsurance recoverables on aggregate policies (1992-2002) in the amount of \$151,300 from its reinsurers for accrued losses as of June 30, 2012

Unsecured Reinsurance Recoverables

There are no letters of credit, trust agreements or funds withheld on reinsurance recoverables. The amount of \$1,877,366 exceeds 3% of the Pool's surplus and is considered unsecured recoverables on known claims.

Reinsurance Recoverable in Dispute

As of June 30, 2012, the Pool does not have any disputed balances or uncollectible funds.

8. RETIREMENT PLANS

Cost-Sharing Defined Benefits Pension Plan:

Plan Description. The Pool contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System), which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustment, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy. The Pool is required to contribute 13.77% (including 1.5% to a 401(k) salary deferral program) of covered salary to the Noncontributory System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board. The Pool's contribution to the Noncontributory System for the years ending December 31, 2011, 2010 and 2009 was **\$60,328**, \$59,098 and \$60,540, respectively. The contributions were equal to the required contributions for each year. The Pool has no further liability once contributions are made.

Defined Contribution Pension Plans:

The Pool contributes an amount equal to the amount contributed by the employee into a 401(k) plan (administered by the Utah State Retirement Systems) and/or a 457 plan (administered by Nationwide Retirement Solutions), not to exceed 5% of the employee's eligible payroll. The total retirement expense for the Pool for the quarter ended June 30, 2012 was \$35,023.

9. UNPAID CLAIMS, LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves for incurred losses and loss adjustment expenses attributable to insured events, as of June 30, 2012, has increased by approximately **\$820,920** as a result of re-estimation of unpaid losses and loss adjustment expenses. This change is the result of ongoing analysis of recent loss development trends. Original estimates change as additional information becomes known regarding individual claims.

The unpaid claims, losses and loss adjustment expenses of the Pool are as follows:

	2012	2011
Beginning Balance	6,658,344	6,636,401
Incurred Loss:		
Current Year	1,805,000	3,129,335
Prior Year	(714,126)	(303,019)
Change in Total Incurred	1,090,874	2,826,316
Paid:		
Current Year	304,358	994,943
Prior Year	(34,404)	1,809,430
Total Paid	269,954	2,804,373
Balance at June 31	7,479,264	6,658,344

10. OPERATING LEASE COMMITMENT

On September 4, 2008, the Pool entered into a seven year commitment to lease office space. The lease commenced in February 2009 at which time the Pool occupied the premises. The Pool paid \$77,454 in rent as of June 30, 2012.

Future minimum rental commitments for the building operating lease are as follows:

2012	132,696
2013	136,674
2014	140,680
2015	144,866
Thereafter	24,262

Total minumim lease payments \$ 579,178

BRETT B. RICH

2086 South 140 West - Orem, Utah 84058 - (801) 368-2283 - bbr@ns-law.com

EXPERIENCE

Shareholder, Nielsen & Senior

Salt Lake City, Utah June 2000 to Present

- Shareholder since January 2002
- Elected Secretary from 2002 to 2005
- Elected Vice-President from 2005 to Present

Adjunct Professor, J. Reuben Clark Law School - Brigham Young University Provo, Utah

January 2009 to May 2011

· Assistant Lecturer, State & Local Government

Utah County Career Service Council

Provo, Utah

July 2006 to Present

- · Quasi-judicial body hears and decides appeals of administrative decisions in employment cases
- Appointed as Member of the Council in July 2006
- · Elected as Chair of the Council in 2009

Director/Legal Counsel, Utah Association of Counties Insurance Mutual. Salt Lake City, Utah

August 1995 to June 2000

- Supervise and manage operation of a public agency insurance mutual
- Represent the mutual with the State Department of Insurance
- · Ensure compliance with Utah Insurance Code
- Negotiate agreements with various service providers
- Draft endorsements and exclusions for policies
- Review legislation pertaining to insurance matters
- Represent counties in selected cases

Law Clerk, Utah County Attorney, Provo, Utah

May 1994 to August 1995

- Wrote office memoranda in opposition to defense motions
- Attended court proceedings to assist and support attorneys

Extern, Utah Association of Special Districts, Heber City, Utah July 1994 to April 1995

· Compiled and analyzed data concerning Special Districts in Utah

President, Interstate Industries, Logan, Utah

1985 to 1994 (employed by the company in 1978)

• Directed all aspects of a general contracting company

- · Supervised full time employees and sub-contractors
- · Negotiated contracts and representation agreements for product lines

Co-Founder, Dairy Products Services, Wellsville, Utah January 1987 to October 1989

- Assisted in preparation of business plan used to obtain approximately one million dollars in funding for the start-up enterprise
- Supervised start-up phase of the production of a proprietary product
- Sold interest in the company as an operating business

EDUCATION

Juris Doctor, J. Reuben Clark Law School, Provo, Utah, April 1995

- · Chair, Board of Advocates, 1994-95
- · Recipient, J. Reuben Clark Award, 1995
- Published Article: Using Discarded Trash to Establish Probable Cause, Utah Narcotic Officers Assoc. Magazine, Winter 1995, at 22.
- · Member, The Order of Barristers
- A. Sherman Christensen American Inn of Court I, Student Member, 1994-95, Member, 2006 to Present
- Member, Moot Court Traveling Team, Corporate Law, 1994

Bachelor of Science, Utah State University, Logan, Utah, Double Major, Political Science/Business Administration, June 1978

ACTIVITIES

Delegate, Cache County and Utah State Republican Conventions, 1976 Class Representative, BYU Law School Alumni Association, 2006 to 2010, Provo, Utah DRART



July 16, 2012

Utah Local Governments Trust Board of Directors 55 South Highway 89, Suite 100 North Salt Lake, Utah 84054

Members of the Utah Local Governments Trust Board of Directors,

We appreciate your concern expressed in your letter of July 30, 2012, and assure you the information Mr. Miller has been providing to our members is being provided at our direction, and is believed to be accurate in each case.

We were similarly concerned when Trust representatives began marketing our members by providing false and misleading information about their membership in UCIP, and the products offered by ULGT. Much like you have done in your letter, we instructed Mr. Miller to provide our members with correct and complete information regarding the terms of their UCIP membership, and the products the Trust is attempting to sell them.

We hope you will appreciate that we must assure our county officials have all the correct information when making decisions regarding their continued participation with other counties in their interlocal risk financing agency. So to be clear, if your representatives continue to provide false and misleading information to county officials, we will continue to correct that information.

Sincerely,

UTAH COUNTIES INDEMNITY POOL

Kay Blackwell, President Piute County Commissioner

cc. UCIP Members
Brent Gardner, Utah Association Counties



July 30, 2012

Utah Counties Indemnity Pool Board of Directors P. O. Box 95730 South Jordan, UT 84095-0730

Re: UCIP Employees' Misrepresentations Regarding the Utah Local Governments Trust

Dear UCIP Board:

We are writing this letter as the unified Board of the Utah Local Governments Trust. We are aware of presentations Johnnie Miller has been making to County Commissions in which he is blatantly misrepresenting the Trust to the commissioners in an effort to damage the Trust's reputation. He has represented in public that the UCIP Board has told him to "take off the gloves" with respect to the Trust. We are confused as to why such a request would be made by the Board of one public agency with respect to another public agency, both of whom share similar missions. Why would such hostile action be necessary? Presumably UCIP's Board did not authorize Mr. Miller to misrepresent facts about the Trust.

As a Board, we typically do not involve ourselves in matters like this. However, Mr. Miller's recent misinformation about the Trust is of such a nature that we feel compelled to take strong action to protect the integrity of the Trust, which has as its only purpose to serve the great counties, cities and towns, special service districts, and other local governmental entities of the State of Utah.

We believe it is healthy for local governments to have multiple options for their specialized insurance needs. Competition always helps organizations stay sharp and focused to deliver the best products available at the lowest cost. However, when the debate turns negative, and false or misleading information is used to persuade potential Members of our organizations, the opposite occurs—poorly informed decisions are made that can cause injury to the Member as well as the agency being maligned.

We invite you to listen to both the tone and content of Mr. Miller's presentations to the Beaver County Commission and the Carbon County Commission. His statements are shocking. No doubt, many of these same statements have been made to other commissioners in public and private settings. Below is a summary of a handful of the statements Mr. Miller has made in these meetings verbally and in his handout, together with our responses to those claims:

Utah Counties Indemnity Pool July 30, 2012 Page Two

Mr. Miller claims that if a county insures with the Utah Local Governments Trust, state law will require the county to rebid its insurance every year.

Fact: The Utah Local Governments Trust is formed under the same Interlocal Cooperation Act as the Utah Counties Indemnity Pool. UCIP's recent name change does not alter the fact that it provides exactly the same type of services and products as the Trust. While we do not believe that annual rebidding of pooled coverage is a legal requirement for Members of any of the pools in Utah, we do believe rebidding for insurance is something that should be done occasionally as a good business practice. This is why the Trust has made a conscious decision to allow its Members the freedom to bid and move to another carrier, without artificial or premature termination deadlines or penalties that make change difficult. Whatever procurement rules apply to the Trust, apply equally to all other risk pools formed under the Interlocal Cooperation Act. Mr. Miller should immediately cease making misleading statements to County Commissioners and others implying that membership in UCIP will provide any different result with respect to the rebidding process.

Mr. Miller claims that the Trust has been overcharging its Members for years, which is why it has such a large surplus.

Fact: The Trust has been charging its Members the lowest rates available to those Members based on actuarially sound principals. If the Trust had been over charging its Members, they would have gone elsewhere. The Trust has more than 500 Members with a 99% retention rate. It has accumulated a reasonable surplus based on prudent management, excellent risk management training, and sound investment policies. The surplus the Trust has not needed for its programs has been returned to Members as dividends. The Trust intends to continue to pay dividends to its Members, while maintaining an appropriate surplus to fund its risk management programs to adequately protect its Members. Mr. Miller should immediately cease from making statements that imply the Trust has overcharged its Members.

Mr. Miller claims that the Trust is at risk of its Members taking their equity at any time, leaving the Trust without adequate reserves to cover claims.

Fact: The Trust's Interlocal Agreement prohibits Members from withdrawing funds in any manner that would jeopardize the financial stability of Trust programs. It is ironic that Mr. Miller would simultaneously accuse the Trust of having too much in reserves, and then in the same breath, accuse it of being at risk of instability. Mr. Miller should immediately cease from making any statements implying that the Trust's Members can jeopardize its financial stability by withdrawing assets.

Utah Counties Indemnity Pool July 30, 2012 Page Three

Mr. Miller claims that the Trust uses its surplus to buy business.

Fact: In 2009, UCIP accused the Trust of anticompetitive business practices. Shortly thereafter, a legislative audit of the Trust was requested, claiming the Trust was using predatory pricing to obtain more business. In Report number 2011-959, dated April 20, 2011 (copy attached), the Legislative Auditor General concluded that "A survey of the competitive business practices and operations of [the Trust] has found that the Trust operates within state rules and established industry norms." The report further found that the Trust operated with proper oversight. The Trust does not need to buy business. It is a governmental non-profit entity. As a Board, we are happy that the Trust's size and efficiency allow it to offer the best products and services to sister government entities at competitive prices, because that is the purpose of the Trust. It is an example of government at its best. Ironically, we are aware of at least one instance of UCIP's attempt to "buy" business with a county's individual surplus. We wonder if all county Members of UCIP are aware of such practices. Mr. Miller should immediately cease from misrepresenting the Trust's business practices.

Mr. Miller has stated that the Trust settles claims without its Members' knowledge and sends out rude and condescending coverage denial letters.

Fact: The Trust always involves its Members in discussions about settlements and is sensitive to the circumstances surrounding settlement issues. The Trust exists for the benefit of its Members. The Trust has an obligation to its Members to decline payment on claims that are clearly not covered, just like UCIP. However, the Trust has the same objective of finding legitimate reasons for coverage for its Members' claims within the framework of its very generous policies. The Trust's internal claims manager knows the Members and works with them to ensure all coverage issues are handled appropriately. Mr. Miller should immediately cease from making any untrue statements about the Trust's claims management processes and policies.

Mr. Miller claims that the Trust caused injury to Summit County by suing it to deny coverage.

Fact: The Trust filed a declaratory judgment action to determine coverage on Summit County's claims in a water issue. Despite sending Summit County a Reservation of Rights letter more than 10 years ago, in an effort to help its Member settle the matter, the Trust advanced more than \$1.6 million dollars in attorney fees to defend the action. The Trust filed the declaratory judgment action to bring the Trust's reinsurer to the table to help the Member settle its claims. This was done with full knowledge of Summit County. Because of this prudent action, the Trust recovered \$3.25 million from its reinsurer, which allowed it to pay the Member more funds than the Member needed to settle claims against it, and reimbursed the Trust more than \$1.6 million dollars in past legal fees, all of which accrued to the benefit of the Trust's Members. Mr. Miller should immediately stop relating false or misleading information regarding the Trust's handling of the Summit County matter.

Utah Counties Indemnity Pool July 30, 2012 Page Four

Mr. Miller claims that the Trust refused to refund Worker's Compensation premiums to Rich County when Rich County found out it had double coverage.

Fact: Rich County decided to obtain Workers Compensation insurance from the Trust because the Trust quoted a lower rate than UCIP. We are informed by Rich County that when it didn't pay its UCIP premium, UCIP threatened the county because Rich County didn't follow UCIP's termination procedure. In fact, it was UCIP that forced Rich County to pay a double premium. The Trust was unaware of this at the time, and paid out at least one claim on the policy. Contrary to Mr. Miller's representations, Rich County never asked the Trust for a refund. In fact, the Trust received a very complimentary letter from Rich County when it decided to return to UCIP for Workers Comp insurance. Rich County's return to UCIP was purportedly because it was concerned how its relationship with UCIP on Workers Comp would affect the handling of a large outstanding liability claim UCIP was covering. Unlike UCIP, the Trust's Members truly can rebid and terminate their insurance without penalty. Mr. Miller should immediately refrain from misrepresenting the facts surrounding the Rich County matter.

Mr. Miller claims that UCIP has a "claims made" policy, which is better than the Trust's "occurrence policy."

Fact: We suppose arguments can be made that one form of protection may be better than others (we disagree that "claims made" coverage is better). However, unless UCIP has recently changed its coverage conditions, Mr. Miller is blatantly misrepresenting the kinds of coverage provided by UCIP. Part II of UCIP's General Coverage Conditions effective January 1, 2011, clearly states that "The Public Officials Errors & Omissions and Employee Benefits Liability sections of this Coverage Addendum provide "Claims made" coverage. . . . All other coverages provided by this Coverage Addendum, including property, auto liability and general liability are on an Occurrence basis" (emphasis added). In the recorded meetings, Mr. Miller tries to differentiate UCIP and the Trust on the basis that the Trust's coverage is occurrence based (which he claims is bad), while UCIP's is "claims made," (which he claims is much better than "occurrence"). He never once clarifies to the counties that only the E&O coverage is on a "claims made" basis and that all other coverages are occurrence based. Mr. Miller should immediately refrain from making false or misleading statements with respect to UCIP's coverage.

Mr. Miller has made numerous other misleading statements about the Trust. The intent of this letter is not to refute all of these statements, but rather to point out that Commissioners around the State of Utah are not being presented with an accurate picture of the Trust. We are left to assume this is an act of desperation, but we hope that is not the case. The Trust's products and services stand on their own. The Trust does not need to disparage other entities or mislead prospective Members to get or retain their business. The same should be true of UCIP.

Utah Counties Indemnity Pool July 30, 2012 Page Five

We do not pretend that the Trust is perfect, nor that it is the only solution for the insurance needs of all governmental entities. We are constantly striving to improve our processes, products, and services. We believe that as public servants, we owe a fiduciary duty to our constituents and the entities we serve to make the best-informed decisions, including those relating to how we insure our entities and employees. We are all on the same government team. Misrepresenting facts about another governmental agency does not benefit any of our constituents, nor does it do anything to help foster the public's trust in government.

We welcome the opportunity to have further dialogue about these issues and how our agencies can jointly better promote good risk management solutions for counties and other local governmental agencies in Utah. We respectfully request that you take whatever action is necessary to ensure Mr. Miller will stop making false or misleading statements about the Trust and that he will instead focus on what UCIP has to offer to counties.

We wish you the best of success as you strive to fulfill your mission of meeting the counties' risk management needs.

Very truly yours,

Utah Local Governments Trust Board of Directors

Joe L. Piccolo, Chair

Mayor, Price City

Blake L. Frazier

Auditor, Summit County

Gary L. Hatch

Manager, Davis County Mosquito

Abatement District

Jeffrey W. Horrocks

Commissioner, Emery County

W. Dean Howard

Mayor, Hyrum City

JoAnn B. Seghini

Mayor, Midvale City

Russell D. Wall

Mayor, Taylorsville City

Enclosure

						4.
						\$



July 30, 2012

Laurie Pitchforth, Commissioner Emery County P. O. Box 629 Castle Dale, UT 84513

Dear Commissioner Pitchforth,

The undersigned individuals constitute the Board of Directors of the Utah Local Governments Trust. As fellow public servants, we know how difficult it can be to make decisions that affect our constituents and the governmental entities we represent. We have only a limited amount of time to gather important facts, digest information, and make decisions we believe are correct. Sadly, that process is made even more difficult at times because we don't always get the whole story from those presenting information to us.

We have recently become aware that misinformation about the Utah Local Governments Trust has been presented to you in connection with your County's decision about insurance coverage. As a Board, we typically do not involve ourselves in matters like this. However, the recent misinformation about the Trust is of such a nature that we feel compelled to protect the integrity of this public agency that has as its only purpose to serve the great counties, cities and towns, special service districts, and other local governmental entities of the State of Utah. Furthermore, we believe you are entitled to full, fair, and accurate information as you make critical decisions about your County's insurance needs. Please consider this information as you make this important decision.

Fiction: If you insure with the Utah Local Governments Trust, state law will require you to rebid your insurance every year.

Fact: The Utah Local Governments Trust is formed under the same Interlocal Cooperation Act as the Utah Risk Management Mutual Association and the Utah Counties Indemnity Pool. We are all risk pools that reinsure above certain caps. While we do not believe that annual rebidding of insurance is a legal requirement for Members of any of these entities, we do believe rebidding for insurance is something that should be done occasionally as a good business practice. This is why the Trust has made a conscious decision to allow its Members the freedom to bid and move to another carrier, without artificial or premature termination deadlines or penalties that make change difficult. Whatever procurement rules apply to the Trust, apply equally to all other risk pools formed under the Interlocal Cooperation Act.

Commissioner Pitchforth July 30, 2012 Page Two

Fiction: The Trust has been overcharging its Members for years, which is why it has such a large surplus.

Fact: The Trust has been charging its Members the lowest rates available to those Members based on actuarially sound principals. If the Trust had been overcharging its Members, they would have gone elsewhere. The Trust has more than 500 Members with a 99% retention rate. It has accumulated a reasonable surplus based on prudent management, excellent risk management training, and sound investment policies. The surplus the Trust has not needed for its programs has been returned to Members as dividends. The Trust intends to continue to pay dividends to its Members, while maintaining an appropriate surplus to fund its risk management programs to adequately protect its Members.

Fiction: The Trust is at risk of its Members taking their equity at any time, leaving the Trust without adequate reserves.

Fact: The Trust's Interlocal Agreement prohibits Members from withdrawing funds in any manner that would jeopardize the financial stability of Trust programs. It is ironic that someone would simultaneously accuse the Trust of having too much in reserves, and then in the same breath, accuse it of being at risk of instability.

Fiction: The Trust uses its surplus to buy business.

Fact: In 2011, someone connected with one of the other pools asked for a legislative audit of the Trust, claiming the Trust was using predatory pricing to obtain more business. In Report number 2011-959, dated April 20, 2011 (copy attached), the Legislative Auditor General concluded that "A survey of the competitive business practices and operations of [the Trust] has found that the Trust operates within state rules and established industry norms." The Trust does not need to buy business. It is a governmental non-profit entity. As a Board, we are happy that the Trust's size and efficiency allow it to offer the best products and services to sister government entities at competitive prices, because that is the purpose of the Trust. It is an example of government at its best.

Fiction: The Trust settles claims without its Members' knowledge and sends out rude and condescending coverage denial letters.

Fact: The Trust always involves its Members in discussions about settlements and is sensitive to the circumstances surrounding settlement issues. The Trust exists for the benefit of its Members. The Trust has an obligation to its Members to decline payment on claims that are clearly not covered, just like every other pool. However, the Trust manages the claims process in a way that is consistent with the objective of finding coverage for its Members' claims within the framework of its very generous policy. The Trust's internal claims manager knows the Members, and works with them to ensure all coverage issues are handled appropriately.

Fiction: The Trust caused injury to one of its Members by suing it to deny coverage.

Fact: The Trust filed a declaratory judgment action to determine coverage on a Member's claim, with full knowledge of its Member. This was done to bring the Trust's reinsurer to the

Commissioner Pitchforth July 30, 2012 Page Three

table to help the Member settle its claims. Because of this prudent action, the Trust recovered \$3.25 million from its reinsurer, which allowed it to pay the Member more funds than the Member needed to settle claims against it, and reimbursed the Trust more than \$1.6 million dollars in past legal fees, all of which accrued to the benefit of its Members. Simply put, the Trust pays for claims covered in its policies and takes aggressive action when necessary for the maximum benefit of its Members.

Fiction: The Trust refused to refund Worker's Compensation premiums to one of its Members who found out that it was double-covered.

Fact: The Member decided to leave the other pool to join the Trust for Worker's Compensation Insurance because the Trust's rates were lower. The other pool threatened to sue the Member for not paying its premium, so the Member ended up paying two premiums. The Trust actually paid claims on the Member's policy. The Member never requested a refund of its premium from the Trust. In fact, the Trust received a very complimentary letter from the Member when the Member decided to return to the other pool because of concerns over liability coverage issues it had with the other pool. Unlike other pools, we do not threaten our Members with legal action when they decide to change to a different carrier.

Fiction: One of the other pools has a "claims made" policy, which is purportedly better than the Trust's "occurrence policy."

Fact: We suppose arguments can be made that one form of protection may be better than others (we disagree that "claims made" coverage is better). However, unless the pool making these allegations recently changed its coverage conditions, the pool is misrepresenting the kinds of coverage it provides. Part II of that pool's General Coverage Conditions effective January 1, 2011, clearly states that "The Public Officials Errors & Omissions and Employee Benefits Liability sections of this Coverage Addendum provide "Claims made" coverage. . . . All other coverages provided by this Coverage Addendum, including property, auto liability, and general liability are on an Occurrence basis" (emphasis added). The representative of this pool touts its "claims made" policy as better than the Trust's occurrence police, but he never clarifies to the counties that only the E&O coverage is on a "claims made" basis and that all other coverages are occurrence based.

Numerous other misleading statements have been made about the Trust in County Commission meetings, and likely in private conversation. The intent of this letter is not to refute all of these statements, but rather to point out that Commissioners around the State of Utah are not being presented with an accurate picture of the Trust. The Trust's products and services stand on their own. It does not need to disparage other entities or mislead prospective Members to get or retain their business.

We do not pretend that the Trust is perfect, nor that it is the only solution for the insurance needs of all governmental entities. We do believe that as public servants, we owe a fiduciary duty to our constituents and the entities we serve to make the best informed decisions,

Commissioner Pitchforth July 30, 2012 Page Four

including those relating to how we insure our entities and employees. We are all on the same team. Misrepresenting facts about another governmental agency does not benefit any of our constituents.

We wish you the best of luck as you carry out your important role in County government. Please feel free to contact any of us, or the Trust's Executive Director, Steven Hansen, if you have any questions or if you need further clarification of any other issues.

Very truly yours,

Utah Local Governments Trust Board of Directors

Joe L. Piccolo, Chair Mayor, Price City Blake L. Frazier

Auditor, Summit County

Gary L. Hatch

Manager, Davis County Mosquito

Abatement District

Jeffrey W. Horrocks
Commissioner, Emery County

W. Dean Howard Mayor, Hyrum City JoAnn B. Seghini Mayor, Midvale City

Russell D. Wall

Mayor, Taylorsville City

Enclosure

August 6, 2012



Mr. Johnnie R. Miller, CEO Utah Counties Indemnity Pool 10980 South Jordan Gateway South Jordan, Utah 84095

Dear Mr. Miller:

Thank you for the opportunity to be of service to you and your pool members this year. The following Narrative Comparison Report will outline – in summary format – our findings relative to the prior values for each member included in this year's property appraisal project.

I. GENERAL FINDINGS

HCA staff performed property appraisals for ten (10) of your members, according to the scope outlined in your RFP and our resulting proposal and agreement documents. Specific members involved in this year's project included:

- 1) Cache County
- 2) Carbon County
- 3) Garfield County
- 4) Morgan County
- 5) Rich County
- 6) Tooele County
- 7) Utah County
- 8) Wasatch County
- 9) Weber Morgan Health
- 10) Weber County

A total of 753 Buildings / Structures were included in this year's work. Of these, one was appraised at Historic Reproduction Cost; all were valued at both Replacement Cost (RCV) and Actual Cash Value (ACV), according to the requested scope and methodology.

Where appropriate, we have included an estimate of Contents Values (RCV only), in summary, one-line total. In cases where your members were currently breaking out estimates of EDP values separately, our staff did not include these estimates in our modeled Content value estimates, so as to avoid duplication of values/coverage.

HCA is completing our first year of service to UCIP under a three-year agreement. The purpose of this Narrative Comparison Report is to help explain some of the differences in values between UCIP's beginning values and our final opinions of value. In doing so, there are several obvious hurdles, including:

CENTRAL REGION OFFICE: 225 EAST FAIRMOUTH AVE. MILWAUKEE, WI 53217



- 1) Not being the incumbent, we do not have access to the prior firm's back-up notes and/or final reports; thus, it is often impossible to explain some differences in values.
- 2) We have not reviewed the scope / methodology of the prior appraisals, nor that firm's agreement with UCIP; thus making it difficult to say we are definitely comparing "apples to apples" in all cases where significant variances exist. We will assume their instructions and approaches were similar to our own in this regard.

In several cases where significant variances existed, UCIP's staff has requested our detailed review and comparison of specific buildings (utilizing copies of the prior RCI appraisals in .pdf format). In each case we feel confident that there were assumptions made by the prior firm which differed from the data we used in valuing the subject properties, resulting in the differences and justifying the change in values. Going forward, we remain open and available to research and review similar buildings requiring a follow-up review.

II. SPECIFIC COMPARISON

HCA offers the following member-by-member comparison of values for your review:

<u>M</u>	Member / County				
I.	Cache County	- 0.60%			
II.	Carbon County	15.44% *			
III.	Garfield County	31.29% *			
IV.	Morgan County	4.35%			
V.	Rich County	12.45%			
VI.	Tooele County	37.64% *			
VII.	Utah County	27.96% *			
VIII.	Wasatch County	56.86% **			
IX.	Weber-Morgan Health Dept.	227.63% *			
X.	Weber County	9.37% *			

Notes: * - includes significant, recent construction not on last SOV

** - includes significant, recent construction not on last SOV; plus
restatement of one large Building

QUALITY SOLUTIONS . TIMELY DELIVERY





III. CONCLUSIONS

Overall, TIV for all ten (10) members increased 21.91% (Building Values increased 29.78%; and Contents/EDP values *decreased* by 16.82%). The statistics above include all Buildings appraised by HCA this year, but *exclude* a fair number of structures which were on the original SOV's but were not accounted for in our appraisals (either demolished/sold by members, or simply corrections to the old schedules). As indicated in the analysis above, many members had recent, often significant new construction (completed 2011/2012) which often was unaccounted for on the beginning SOV's.

As you continue to review the final reports for this year – both internally and with your members – we welcome any additional questions or comments. We greatly appreciate the opportunity to be of service to you and the Utah Counties Indemnity Pool, and look forward to many more years of association with your organization.

Prepared and submitted by: HCA Asset Management, LLC (d/b/a Hirons & Associates)

Mark T. Hessel, Vice President

August 6, 2012

Date

QUALITY SOLUTIONS . TIMELY DELIVERY



			*
v			

CACHE COUNTY CORPORATION

M. LYNN LEMON
COUNTY EXECUTIVE/SURVEYOR

199 N. MAIN LOGAN, UTAH 84321 TEL 435-755-1850 FAX 435-755-1981

July 31, 2012

COUNTY COUNCIL
JON WHITE
CRAIG "W" BUTTARS
CORY YEATES
H. CRAIG PETERSEN
KATHY ROBISON

VAL K. POTTER GORDON A. ZILLES

Mr. Johnny Miller, CEO Utah Counties Indemnity Pool PO Box 95730 10980 So. Jordan Gateway South Jordan, UT 84095

Re: 120 Day Notice Requirement

Dear Johnny,

Cache County is considering options for Property & Casualty Insurance and related services for the 2013 policy year. In reference to the Policy, Amended Bylaws, and/or Interlocal Agreement for the Utah Counties Indemnity Pool, Cache County is providing written notice in accordance with the 120-day notice requirement.

Should Cache County elect to continue coverage with the Utah Counties Indemnity Pool, Cache County will withdrawal this notice no later than 90 days prior to policy renewal.

In our efforts to make an objective comparison, Cache County is requesting that UCIP provide renewal premiums for 2013 by September 1, 2012. This will allow Cache County the opportunity to weigh the various options, and make an informed decision.

Thank you for your cooperation and help with this matter.

Sincerely,

M. Lynn(Lemon County Executive